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INFO RUCNCOM/EC CARICOM COLLECTIVE PRIORITY
RUEHCV/AMEMBASSY CARACAS PRIORITY 1726
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C O N F I D E N T I A L BRIDGETOWN 000617

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E.O. 12958: DECL: 02/27/2017
TAGS: [ELAB](#) [ECON](#) [PGOV](#) [GJ](#)
SUBJECT: MITCHELL'S PLANS FOR THE GOVERNMENT OF GRENADA

REF: BRIDGETOWN 581

Classified By: DCM Mary Ellen T. Gilroy for reasons 1.4 (b) and (d).

11. (C) SUMMARY: At the May 6 New National Party (NNP) rally, Grenada's Prime Minister Keith Mitchell announced a cabinet reshuffle (reftel) and laid out plans to control rising prices, provide assistance for poor Grenadians, and conclude negotiations in the near term on salary increases for public sector workers. Mitchell pushed back against the opposition National Democratic Congress (NDC) allegations about the so-called "briefcase affair" in which the PM is reportedly caught on videotape accepting a bribe. Separately, a meeting of the opposition Grenada United Labour Party's (GULP) demonstrated further erosion of GULP's influence and cohesion. END SUMMARY.

12. (SBU) As reported in reftel, Mitchell's cabinet reshuffle announcement on May 6 surprised many observers, who had expected Mitchell to call early elections. However, the other themes in Mitchell's May 6 address were not particularly surprising given Grenada's economic difficulties. He announced that his first order of business as the new head of the Finance Ministry would be to review why prices have "gone crazy." While Mitchell pointed to energy price increases as being partially responsible, he sought to cast the blame in other directions as well. He declared that businesses were "raising prices beyond what is acceptable" and that he would expand the Finance Ministry's Price Control Unit. He also plans to meet with Grenada's business owners and "demand answers."

13. (SBU) Mitchell announced two proposals related to his fight against inflation. He proposed government subsidies for school transportation for children of poor families. He also announced that his government was nearing an agreement with the Public Workers Union (PWU) on salary increases for public sector workers, who have been without a contract for some time. However, on May 7, the PWU head, Donna Harford, contradicted Mitchell, warning that his announcement was premature because the PWU's membership had not yet voted on the proposals.

14. (C) Mitchell also chose the May 6 speech to respond to the opposition's accusations in the so-called "briefcase affair." Mitchell has admitted in the past that he accepted USD 15,000 as a reimbursement for travel expenses related to a European trip. However, the NDC continues to allege that Mitchell took USD 500,000 from Eric Resteiner, a former economic citizen of Grenada. According to the NDC, Mitchell was caught on videotape taking the money, but the videotape

has not yet been produced publicly. (Comment: Since it is unclear whether the videotape exists and whether it shows what the NDC alleges it shows, the video tape may in fact be of greater political value to the NDC in absentia. End comment.) During his May 6 address, Mitchell offered no new information about the case, but sought to challenge the NDC to prove its charges by saying: "The Cabinet made its decision. The gentleman promised to pay my costs. He paid me... It's me damn money! I had to take it! So bring on the tape!"

15. (SBU) In a separate May 6 event, about 50 members of the Grenada United Labour Party (GULP) attended the party's General Council and Executive Council meeting. The meeting generated confusion and bad blood even before it began because not all members of the Executive Council were invited. GULP, which was founded in 1950/51 by former Prime Minister Eric Gairy, has been in gradual decline since the 1979 coup, which drove Gairy from office. The party's poor showing in the 2003 elections, when GULP won only about 3.2 percent of the popular vote and no seats in Parliament, reflects GULP's steady losses of members and popular appeal. The May 6 episode will likely undermine GULP even further.

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